Manitoba Agriculture

Guidelines For Estimating
Crop Production Costs - 2002

Information Update

Date: January, 2002

These projected crop costs have been prepared to assist in developing your own production costs. Also available, on the Manitoba Agriculture and Food website, is an Excel spreadsheet [illegible] it can be downloaded from the following address: **www.gov.mb.ca/agriculture**.

The cash cost inputs associated with growing a crop in Manitoba are substantial. It is extremely important for farm managers to do detailed calculations if they are to select the optimum crop combination that will maximize profits. Detailed planning is necessary when estimating the amount of operating credit required to finance the inputs. The importance of good financial management can be emphasized by noting a 1200 acre (485 hectare) farm requires somewhere in the vicinity of $140,000 for cash inputs alone.

The following budgets are estimates of the cost of producing several different crops. General departmental recommendations are assumed in using fertilizers and chemical inputs. The figures provide an economic evaluation of the crops and estimated yields required to cover all the costs including labour and investment. Management has not been accounted for in these enterprise budgets.

To estimate a cash flow budget the actual payments on principal and interest may be substituted for the fixed costs. As well, an estimate has to be made to cover family living expenses, funds required for capital purchases and cost adjustments for livestock enterprises on the farm.

These budgets may be adjusted by putting in your own figures. As a producer you are encouraged to calculate your own costs of production for various crops. On each farm, costs and yields differ due to soil type, climatic conditions and agronomic practices.

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Crop Production Costs 2002 Guidelines (Dollars Per Acre)

	Wheat	Barley	Canola	Flax	Oats	Corn
A. Operating Costs						
Seed & Treatment	$13.18	$9.63	$17.88	$10.00	$13.75	$34.50
Fertilizer	$24.19	$24.19	$29.35	$21.15	$22.30	$38.30
Herbicide	$21.00	$21.00	$24.00	$22.00	$6.00	$27.50
Fungicide	$10.00	$0.00	$25.25	$0.00	$0.00	$0.00
Insecticide	$0.00	$0.00	$0.00	$0.00	$0.00	$14.50
Fuel	$11.00	$11.00	$11.00	$11.00	$11.00	$15.00
Machinery Operating	$10.00	$10.00	$10.00	$10.00	$10.00	$13.00
Crop Insurance	$5.44	$4.44	$7.55	$4.79	$4.95	$6.29
Other Costs	$7.50	$7.50	$7.50	$7.50	$7.50	$8.00
Land Taxes	$6.00	$6.00	$6.00	$6.00	$6.00	$8.00
Drying Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$15.00
Interest on Operating	$3.25	$2.81	$4.16	$2.77	$2.45	$5.40
Total Operating	**$111.56**	**$96.57**	**$142.69**	**$95.21**	**$83.95**	**$185.49**
B. Fixed Costs						
Land Investment Costs	$19.00	$19.00	$19.00	$19.00	$19.00	$28.00
Machinery Depreciation	$20.00	$20.00	$20.00	$20.00	$20.00	$25.00
Machinery Investment	$8.00	$8.00	$8.00	$8.00	$8.00	$10.00
Storage Costs	$2.14	$2.14	$2.14	$2.14	$2.14	$4.28
Total Fixed	**$49.14**	**$49.14**	**$49.14**	**$49.14**	**$49.14**	**$67.28**
Total Operating & Fixed	**$160.70**	**$145.71**	**$191.83**	**$144.35**	**$133.09**	**$252.77**
C. Labour	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
Total Costs	**$175.70**	**$160.71**	**$206.83**	**$159.35**	**$148.09**	**$267.77**

Estimated Farmgate Price	**Breakeven Analysis**					
$ per unit	$4.75 bu	$2.60 bu	$7.00 bu	$7.50 bu	$2.25 bu	$3.35 bu
$ per tonne	$175 t	$119 t	$309 t	$295 t	$146 t	$132 t
Breakeven Yield						
Operating Costs	23.5 bu	37.1 bu	20.4 bu	12.7 bu	37.3 bu	55.4 bu
Operating & Fixed Costs	33.8 bu	56.0 bu	27.4 bu	19.2 bu	59.2 bu	75.5 bu
Total Costs	**37.0 bu**	**61.8 bu**	**29.5 bu**	**21.2 bu**	**65.8 bu**	**79.9 bu**

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Crop Production Costs 2002 Guidelines (Dollars Per Acre)

Confection Sunflowers	Peas	Lentils	Buckwheat	Soybeans	Row Crop Navy Beans	Your Farm
$31.35	$27.50	$12.80	$12.00	$45.96	$46.11	
$29.78	$15.00	$16.23	$25.28	$8.58	$26.25	
$44.25	$20.00	$50.00	$16.00	$27.50	$62.50	
$0.00	$0.00	$25.25	$0.00	$0.00	$29.00	
$8.50	$0.00	$0.00	$0.00	$0.00	$0.00	
$11.00	$13.00	$12.00	$11.00	$9.50	$13.81	
$11.00	$10.50	$11.00	$10.00	$8.00	$9.60	
$5.33	$4.72	$6.54	$8.17	$8.77	$8.35	
$8.00	$8.00	$7.50	$7.50	$8.00	$8.00	
$6.00	$6.00	$6.00	$6.00	$6.50	$8.00	
$6.00	$0.00	$0.00	$0.00	$0.00	$0.00	
$4.84	$3.14	$4.42	$2.88	$3.68	$6.35	
$166.05	**$107.86**	**$151.74**	**$98.83**	**$126.49**	**$217.97**	
$19.00	$19.00	$19.00	$19.00	$20.00	$28.00	
$20.00	$20.00	$20.00	$20.00	$20.00	$24.00	
$8.00	$8.00	$8.00	$8.00	$8.00	$9.60	
$2.14	$2.14	$2.14	$2.14	$2.74	$2.74	
$49.14	**$49.14**	**$49.14**	**$49.14**	**$50.74**	**$64.34**	
$215.19	**$157.00**	**$200.88**	**$147.97**	**$177.23**	**$282.31**	
$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	
$230.19	**$172.00**	**$215.88**	**$162.97**	**$192.23**	**$297.31**	
$0.16 lb	$4.75 bu	$0.17 lb	$7.00 bu	$6.15 bu	$0.25 lb	
$353 t	$175 t	$375 t	$322 t	$226 t	$551 t	
1038 lb	22.7 bu	893 lb	14.1 bu	20.6 bu	871.9 lb	
1345 lb	33.1 bu	1182 lb	21.1 bu	28.8 bu	1129.2 lb	
1439 lb	**36.2 bu**	**1270 lb**	**23.3 bu**	**31.3 bu**	**1189.2 lb**	

Crop Production Costs 2002 Guidelines (Dollars Per Hectare)

	Wheat	Barley	Canola	Flax	Oats	Corn
A. Operating Costs						
Seed & Treatment	$31.92	$23.50	$43.02	$24.75	$34.54	$85.25
Fertilizer	$59.76	$59.76	$73.27	$52.53	$55.59	$95.14
Herbicide	$51.89	$51.89	$59.30	$54.36	$14.83	$67.95
Fungicide	$24.71	$0.00	$62.39	$0.00	$0.00	$0.00
Insecticide	$0.00	$0.00	$0.00	$0.00	$0.00	$35.83
Fuel	$27.18	$27.18	$27.18	$27.18	$27.18	$37.07
Machinery Operating	$24.71	$24.71	$24.71	$24.71	$24.71	$32.12
Crop Insurance	$13.44	$10.97	$18.66	$11.84	$12.23	$15.54
Other Costs	$18.53	$18.53	$18.53	$18.53	$18.53	$19.77
Land Taxes	$14.83	$14.83	$14.83	$14.83	$14.83	$19.77
Drying Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$37.07
Interest on Operating	$8.01	$6.94	$10.26	$6.86	$6.07	$13.37
Total Operating Costs	**$274.98**	**$238.31**	**$352.15**	**$235.59**	**$208.51**	**$458.88**
B. Fixed Costs						
Land Investment Costs	$46.95	$46.95	$46.95	$46.95	$46.95	$69.19
Machinery Depreciation	$49.42	$49.42	$49.42	$49.42	$49.42	$61.78
Machinery Investment	$19.77	$19.77	$19.77	$19.77	$19.77	$24.71
Storage Costs	$5.29	$5.29	$5.29	$5.29	$5.29	$10.58
Total Fixed Costs	**$121.43**	**$121.43**	**$121.43**	**$121.43**	**$121.43**	**$166.26**
Total Operating & Fixed	**$396.41**	**$359.74**	**$473.58**	**$357.02**	**$329.94**	**$625.14**
C. Labour	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00
Total Costs	**$433.41**	**$396.74**	**$510.58**	**$394.02**	**$366.94**	**$662.14**
			Breakeven Analysis			
Estimated Price/Tonne	$175.00 t	$119.00 t	$309.00 t	$295.00 t	$146.00 t	$132.00 t
Breakeven Yield						
Operating Costs	1.571 t	2.003 t	1.140 t	0.799 t	1.428 t	3.476 t
Operating & Fixed Costs	2.27 t	3.023 t	1.533 t	1.210 t	2.260 t	4.736 t
Total Costs	**2.477 t**	**3.334 t**	**1.652 t**	**1.336 t**	**2.513 t**	**5.016 t**

Crop Production Costs 2002 Guidelines (Dollars Per Hectare)

Confection Sunflowers	Peas	Lentils	Buckwheat	Soybeans	Row Crop Navy Beans	Your Farm
$77.47	$67.20	$31.95	$29.70	$113.85	$113.28	
$73.27	$37.57	$40.27	$62.88	$21.06	$64.96	
$109.34	$49.42	$123.55	$39.54	$67.95	$154.44	
$0.00	$0.00	$62.39	$0.00	$0.00	$71.66	
$21.00	$0.00	$0.00	$0.00	$0.00	$0.00	
$27.18	$32.12	$29.65	$27.18	$23.47	$34.12	
$27.18	$25.95	$27.18	$24.71	$19.77	$23.72	
$13.17	$11.66	$16.16	$20.19	$21.67	$20.63	
$19.77	$19.77	$18.53	$18.53	$19.77	$19.77	
$14.83	$14.83	$14.83	$14.83	$16.06	$19.77	
$14.83	$0.00	$0.00	$0.00	$0.00	$0.00	
$11.94	$7.76	$10.94	$7.13	$9.11	$15.67	
$409.98	**$266.28**	**$375.45**	**$244.69**	**$312.71**	**$538.02**	
$46.95	$46.95	$46.95	$46.95	$49.42	$39.19	
$49.42	$49.42	$49.42	$49.42	$49.42	$59.30	
$19.77	$19.77	$19.77	$19.77	$19.77	$23.72	
$5.29	$5.29	$5.29	$5.29	$6.77	$6.77	
$121.43	**$121.43**	**$121.43**	**$121.43**	**$125.38**	**$158.98**	
$531.41	**$387.71**	**$496.88**	**$366.12**	**$438.09**	**$697.00**	
$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	
$568.41	**$424.71**	**$533.88**	**$403.12**	**$475.09**	**$734.00**	
$353.00 t	$175.00 t	$375.00 t	$322.00 t	$226.00 t	$551.00 t	
1.161 t	1.522 t	1.001 t	0.760 t	1.384 t	0.976 t	
1.505 t	2.215 t	1.325 t	1.137 t	1.938 t	1.265 t	
1.610 t	**2.427 t**	**1.424 t**	**1.252 t**	**2.102 t**	**1.332 t**	

Seed & Treatment

Per Acre

Crop	Seeding Rate per Acre	Price per Unit	Cost per Acre
Wheat	1.7 bu	$7.75 /bu	$13.18
Barley	1.75 bu	$5.50 /bu	$9.63
Canola	5.5 lb	$3.25 /lb	$17.88
Flaxseed	40 lb	$0.25 /lb	$10.00
Oats	2.5 bu	$5.50 /bu	$13.75
Corn	23,000 plants	$0.0015 /plant	$34.50
Sunflowers	19,000 plants	$0.0017 /plant	$31.35
Peas	2.5 bu	$11.00 /bu	$27.50
Lentils	40 lb	$0.32 /lb	$12.80
Buckwheat	1 bu	$12.00 /bu	$12.00
Soybeans	88 lbs	$0.52 /lb	$45.96
Navy Beans	53 lbs	$0.87 /lb	$46.11

Per Hectare

Crop	Seeding Rate per Hectare	Price per Unit	Cost per Hectare
Wheat	114 kg	$0.28 /kg	$31.92
Barley	94 kg	$0.25 /kg	$23.50
Canola	6 kg	$7.17 /kg	$43.02
Flaxseed	45 kg	$0.55 /kg	$24.75
Oats	157 kg	$0.22 /kg	$34.54
Corn	56,834 plants	$0.0015 plant	$85.25
Sunflowers	46,950 plants	$0.0017 plant	$77.47
Peas	168 kg	$0.40 /kg	$67.20
Lentils	45 kg	$0.71 /kg	$31.95
Buckwheat	54 kg	$0.55 /kg	$29.70
Soybeans	99 kg	$1.15 /kg	$113.85
Navy Beans	59 kg	$1.92 /kg	$113.28

Fertilizer

Price of Fertilizer	$/lb	$/kg
Nitrogen	**$0.230**	$0.51
Phosphorus	**$0.245**	$0.54
Potash	**$0.135**	$0.30
Sulphur	**$0.240**	$0.53

Amount of Actual Pounds of Elements Applied Per Acre

Crop	Nitrogen		Phosphorus		Potash		Sulphur		Total
	lbs	$/acre	lbs	$/acre	lbs	$/acre	lbs	$/acre	$/acre
Wheat	**70**	$16.10	**33**	$8.09	**0**	$0.00	**0**	$0.00	**$24.19**
Barley	**70**	$16.10	**33**	$8.09	**0**	$0.00	**0**	$0.00	**$24.19**
Canola	**80**	$18.40	**30**	$7.35	**0**	$0.00	**15**	$3.60	**$29.35**
Flaxseed	**60**	$13.80	**30**	$7.35	**0**	$0.00	**0**	$0.00	**$21.15**
Oats	**65**	$14.95	**30**	$7.35	**0**	$0.00	**0**	$0.00	**$22.30**
Corn	**90**	$20.70	**40**	$9.80	**40**	$5.40	**10**	$2.40	**$38.30**
Sunflowers	**70**	$16.10	**35**	$8.58	**20**	$2.70	**10**	$2.40	**$29.78**
Peas	**0**	$0.00	**30**	$7.35	**30**	$4.05	**15**	$3.60	**$15.00**
Lentils	**0**	$0.00	**35**	$8.58	**30**	$4.05	**15**	$3.60	**$16.23**
Buckwheat	**55**	$12.65	**35**	$8.58	**30**	$4.05	**0**	$0.00	**$25.28**
Soybeans	**0**	$0.00	**35**	$8.58	**0**	$0.00	**0**	$0.00	**$8.58**
Navy Beans	**60**	$13.80	**30**	$7.35	**20**	$2.70	**10**	$2.40	**$26.25**

Amount of Actual Kilograms of Elements Applied Per Hectare

Crop	Nitrogen		Phosphorus		Potash		Sulphur		Total
	kg	$/ha	kg	$/ha	kg	$/ha	kg	$/ha	$/ha
Wheat	78	$39.78	37	$19.98	0	$0.00	0	$0.00	**$59.76**
Barley	78	$39.78	37	$19.98	0	$0.00	0	$0.00	**$59.76**
Canola	90	$45.90	34	$18.36	0	$0.00	17	$9.01	**$73.27**
Flaxseed	67	$34.17	34	$18.36	0	$0.00	0	$0.00	**$52.53**
Oats	73	$37.23	34	$18.36	0	$0.00	0	$0.00	**$55.59**
Corn	101	$51.51	45	$24.30	45	$13.50	11	$5.83	**$95.14**
Sunflowers	78	$39.78	39	$21.06	22	$6.60	11	$5.83	**$73.27**
Peas	0	$0.00	34	$18.36	34	$10.20	17	$9.01	**$37.57**
Lentils	0	$0.00	39	$21.06	34	$10.20	17	$9.01	**$40.27**
Buckwheat	62	$31.62	39	$21.06	34	$10.20	0	$0.00	**$62.88**
Soybeans	0	$0.00	39	$21.06	0	$0.00	0	$0.00	**$21.06**
Navy Beans	67	$34.17	34	$18.36	22	$6.60	11	$5.83	**$64.96**

Note: The nitrogen price used in the above assumptions is an average of the following sources: anhydrous, liquid and granular fertilizers. The fertilizer recommendation will vary depending on the soil type, climate and crop rotation.

Chemicals

Per Acre

Crop	Weed Control $/acre	Disease Control $/acre	Insect Control $/acre	Total Cost $/acre
Wheat	$21.00	$10.00 [2]	$10.50 [1]	$31.00
Barley	$21.00	$0.00	$0.00	$21.00
Canola	$24.00	$25.25	$0.00	$49.25
Flaxseed	$22.00	$0.00	$0.00	$22.00
Oats	$6.00	$0.00	$0.00	$6.00
Corn (Hybrid)	$27.50	$0.00	$14.50	$42.00
Sunflowers	$44.25	$0.00	$8.50	$52.75
Peas	$20.00	$15.25 [1]	$0.00	$20.00
Lentils	$50.00	$25.25	$0.00	$75.25
Buckwheat	$16.00	$0.00	$0.00	$16.00
Soybeans	$27.50	$0.00	$0.00	$27.50
Navy Beans	$62.50	$29.00	$0.00	$91.50

Per Hectare

Crop	Weed Control $/ha	Disease Control $/ha	Insect Control $/ha	Total $/ha
Wheat	$51.89	$24.71 [2]	$25.95 [1]	$76.60
Barley	$51.89	$0.00	$0.00	$51.89
Canola	$59.30	$62.39	$0.00	$121.69
Flaxseed	$54.36	$0.00	$0.00	$54.36
Oats	$14.83	$0.00	$0.00	$14.83
Corn (Hybrid)	$67.95	$0.00	$35.83	$103.78
Sunflowers	$109.34	$0.00	$21.00	$130.34
Peas	$49.42	$37.68 [1]	$0.00	$49.42
Lentils	$123.55	$62.39	$0.00	$185.94
Buckwheat	$39.54	$0.00	$0.00	$39.54
Soybeans	$67.95	$0.00	$0.00	$67.95
Navy Beans	$154.44	$71.66	$0.00	$226.10

Note:

"1" Item not included in budget.

"2" half the acres treated.

Operating Costs

Interest Rate on Operating 6.00%

Per Acre

Crop	Fuel $/acre	Machine Operating Cost $/acre	Crop Insurance $/acre	Other Costs $/acre	Land Taxes $/acre	Drying Costs $/acre
Wheat	$11.00	$10.00	$5.44	$7.50	$6.00	$0.00
Barley	$11.00	$10.00	$4.44	$7.50	$6.00	$0.00
Canola	$11.00	$10.00	$7.55	$7.50	$6.00	$0.00
Flaxseed	$11.00	$10.00	$4.79	$7.50	$6.00	$0.00
Oats	$11.00	$10.00	$4.95	$7.50	$6.00	$0.00
Corn	$15.00	$13.00	$6.29	$8.00	$8.00	$15.00
Sunflowers	$11.00	$11.00	$5.33	$8.00	$6.00	$6.00
Peas	$13.00	$10.50	$4.72	$8.00	$6.00	$0.00
Lentils	$12.00	$11.00	$6.54	$7.50	$6.00	$0.00
Buckwheat	$11.00	$10.00	$8.17	$7.50	$6.00	$0.00
Soybeans	$9.50	$8.00	$8.77	$8.00	$6.50	$0.00
Navy Beans	$13.81	$9.60	$8.35	$8.00	$8.00	$0.00

Per Hectare

Crop	Fuel $/ha	Machine Operating Cost $/ha	Crop Insurance $/ha	Other Costs $/ha	Land Taxes $/ha	Drying Costs $/ha
Wheat	$27.18	$24.71	$13.44	$18.53	$14.83	$0.00
Barley	$27.18	$24.71	$10.97	$18.53	$14.83	$0.00
Canola	$27.18	$24.71	$18.66	$18.53	$14.83	$0.00
Flaxseed	$27.18	$24.71	$11.84	$18.53	$14.83	$0.00
Oats	$27.18	$24.71	$12.23	$18.53	$14.83	$0.00
Corn	$37.07	$32.12	$15.54	$19.77	$19.77	$37.07
Sunflowers	$27.18	$27.18	$13.17	$19.77	$14.83	$14.83
Peas	$32.12	$25.95	$11.66	$19.77	$14.83	$0.00
Lentils	$29.65	$27.18	$16.16	$18.53	$14.83	$0.00
Buckwheat	$27.18	$24.71	$20.19	$18.53	$14.83	$0.00
Soybeans	$23.47	$19.77	$21.67	$19.77	$16.06	$0.00
Navy Beans	$34.12	$23.72	$20.63	$19.77	$19.77	$0.00

Fixed Costs

Depreciation Rate	**10.0%**
Investment Rate	**4.0%**
Hours per acre	**1.5**
Cost per hr.	**$10.00**

Per Acre

Crop	Land Value $/acre	Land Cost $/acre	Machinery Investment $/acre	Machinery Depreciation $/acre	Machinery Investment $/acre	Storage $/acre	Labour $/acre
Wheat	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Barley	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Canola	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Flaxseed	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Oats	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Corn	**$700.00**	$28.00	**$250.00**	$25.00	$10.00	$4.28	$15.00
Sunflower	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Peas	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Lentils	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Buckwheat	**$475.00**	$19.00	**$200.00**	$20.00	$8.00	$2.14	$15.00
Soybeans	**$500.00**	$20.00	**$200.00**	$20.00	$8.00	$2.74	$15.00
Navy Beans	**$700.00**	$28.00	**$240.00**	$24.00	$9.60	$2.74	$15.00

Per Hectare

Crop	Land Value $/ha	Land Cost $/ha	Machinery Investment $/ha	Machinery Depreciation $/ha	Machinery Investment $/ha	Storage $/ha	Labour $/ha
Wheat	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Barley	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Canola	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Flaxseed	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Oats	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Corn	$1,730.00	$69.19	$617.76	$61.78	$24.71	$10.58	$37.00
Sunflower	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Peas	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Lentils	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Buckwheat	$1,174.00	$46.95	$494.21	$49.42	$19.77	$5.29	$37.00
Soybeans	$1,236.00	$49.42	$494.21	$49.42	$19.77	$6.77	$37.00
Navy Beans	$1,730.00	$69.19	$593.05	$59.30	$23.72	$6.77	$37.00

Other Assumptions

Fuel Costs:

Includes fuel used for field work, trucking inputs and products out.

Machinery Operating Costs:

Includes costs for maintenance, repairs, licenses and insurance.

Crop Insurance: (2001 rates. New rates for 2002 are not included.)

Risk Area #6 at the 70% coverage on a "B" soil zone and additional hail insurance at $100/acre coverage for wheat, barley, canola, flax and oats

Risk Area #11 at the 70% coverage on a "B" soil zone and additional hail insurance at $100/acre coverage for sunflowers, peas, lentils, buckwheat and corn.

Other Costs:

Includes overhead expenses - hydro, telephone, accounting, buildings, supplies and insurance, etc.

Land Taxes:

The average for the province was based on land tax assessment and mill rates of a sample of municipalities growing crops less provincial tax rebate. Budget assumes $6.00 - $6.50/acre ($14.83- $16.06/ha) except for corn and navy beans which are normally grown on higher productive land where taxes are estimated at $8.00/acre ($19.77/ha).

Drying Costs:

Budget allocates costs only for corn and sunflowers. However, drying costs may be incurred in some years for other crops.

Interest On Operating:

Interest charges on operating costs are calculated at 6.0% for six months.

Land Investment Cost:

Land values are based on average land sale values in Manitoba. Assumed 4% return on land investment.

Depreciation:

Assumed 10% on machinery, no salvage value.

Investment Cost:

Assumed 4% opportunity cost on the machinery.

Storage Cost:

Assumed a 5% depreciation cost and 4% investment cost.

Farm storage requirements were assumed to be 30 bushels/acre costing $1/bushel for 75% of the storage and $1.25/bushel for 25% aerated storage.

Storage requirements for corn were calculated at 60 bushels/acre.

Example - Wheat

Non-Aeration Bins (75%)

Depreciation: $\frac{\$30 - \$3}{20 \text{ years}} = \$1.35$

Investment: $\frac{\$30 + \$3}{2} \times 4\% = \$0.66$

Sub-Total = $2.01 x 75% = $1.51

Aeration Bins (25%)

Depreciation: $\frac{\$37.50 - \$3.75}{20 \text{ years}} = \$1.69$

Investment: $\frac{\$37.50 + \$3.75}{2} \times 4\% = \$.83$

Sub-Total = $2.52 x 25% = $0.63

Total **$2.14**

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